



Department of Justice

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**HAYNES HOLDINGS, INC ABANDONS ACQUISITION OF INCO ALLOYS
INTERNATIONAL AFTER JUSTICE DEPARTMENT ANNOUNCES INTENTION
TO CHALLENGE**

WASHINGTON, D.C. -- The Department of Justice announced today that Blackstone Capital Partners II Merchant Banking Fund L.P. and Haynes Holdings, Inc. and its subsidiaries abandoned their attempt to purchase Inco Alloys International, the alloys division of Inco Limited, after the Department announced its intention to challenge the proposed acquisition.

The Department said that the acquisition would likely have resulted in higher prices for certain high performance nickel-base alloy products.

“Combining these two industry giants would have resulted in a monopoly in some markets and more concentration in other already highly concentrated markets. That’s what the Clayton Act was designed to stop,” said Joel I. Klein, Assistant Attorney General in charge of the Department’s Antitrust Division. “Haynes’ acquisition of Inco would have led to higher prices and inferior service for customers who use these alloys for many complex applications.”

High performance nickel-base alloys are alloys that contain nickel as their main ingredient by weight, and also contain a variety of other metals. They are sold in various forms and are designed to be used in high temperature and highly corrosive environments, such as in the aerospace, chemical processing, land-based gas turbine, and oil and gas industries.

Haynes is the second largest producer of high performance nickel-base alloy flat products (strip, sheet, and plate) and seamless pipe and tube in the United States. Inco’s alloys division is

the largest producer of high performance nickel-base alloys in the United States and the world. The acquisition would have allowed the combined company to control almost two-thirds of the U.S. sales of high performance nickel-base alloys in sheet and strip form. It would also have allowed the company to control a very substantial share of U.S. sales of high performance nickel-base alloys in plate form and in seamless pipe and tube used for oil and gas well down-hole applications.

Haynes is headquartered in Kokomo, Indiana and is majority-owned by Blackstone. It has plants in Kokomo; Arcadia, Louisiana; and Openshaw, England. In 1996, Haynes reported U.S. sales of \$140 million.

Inco Limited is a Canadian company and has plants in Huntington, West Virginia; Burnaugh, Kentucky; Elkhart, Indiana; and Hereford, England. Its alloys division is headquartered in Huntington, West Virginia. In 1996, Inco reported total U.S. sales of about \$460 million.

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